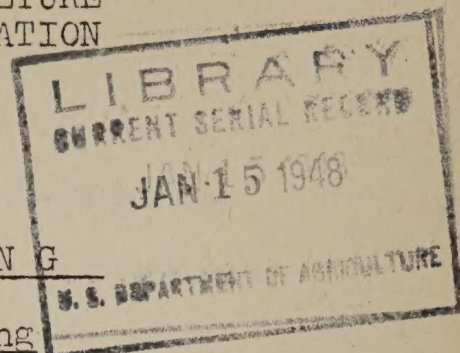


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UNITED STATES DEPARTMENT OF AGRICULTURE
PRODUCTION AND MARKETING ADMINISTRATION
INFORMATION SERVICE
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A G R I C U L T U R A L M A R K E T I N G

(Script No. 4...For Use During
the period August 4-16, 1947)

NOTE: AGRICULTURAL MARKETING will now be supplied every two weeks in the form of a two-part script. Each part is complete in itself, is seven minutes in length, and may be used as a distinct and separate broadcast. Or, by eliminating the concluding announcement at the end of part one, and the introductory announcement to part two, the two scripts may be combined and used as one 14-minute broadcast.

SUBJECT:A- Price Spreads in Food Marketing (Pp. 1-7)
B- New Trends in Packaging (Pp. 8-14)

ANNOUNCER: The process of moving America's food from farm to table is of direct concern to everyone. Today Station _____ presents another in a series of broadcasts designed to tell farm people and city people more about various phases of this process and to bring you up-to-date information about the latest developments in the field of agricultural marketing...You hear a lot of talk these days about the high cost of food and about the spread between what farmers get for their produce and what the consumer pays in the retail store. I'm sure that most of you folks listening in will be glad to hear what _____, our studi guest today, has to say about this subject. As most of you know, _____ is _____ of th _____ office of the Production and Marketing Administration, so he should be able to tell us something about the costs of marketing foods. How about that _____?

PMA: Well, _____, I've heard it said that "nothing is as simple as it seems." And certainly that is true about this business of price spreads in marketing farm products.

ANNOUNCER: I'm sure it is. The other day I met one of our regular farmer listeners in town. He had been looking at the price tags in one of the grocery stores and was quite upset at the difference between those prices and what he said he was getting for his produce. He said that the distributors and retailers were making most of the money.

PMA: On the other hand I've heard many people in the food trade say that the farmer and the Government are responsible for the high cost of food.

ANNOUNCER: And then at the end of the line poor Mrs. Housewife throws up her hands in despair and claims that the whole thing must be an unholy conspiracy. She probably feels that everyone concerned --- the farmer, the Government, and the distributor --- have all ganged up on her food budget. Frankly, all these charges and countercharges have left me thoroughly confused. Who's right?

PMA: That sounds like the sixty-four dollar question. I'm not sure that any one of these simple explanations is right. Let's look at the record. Do you have any idea just what percentage of the consumer's food dollar goes to pay the farmer, and what percentage goes to pay for what are called marketing costs?

ANNOUNCER: I don't know what the figure is now. But back in the depths of the depression I remember that farmers were getting only about one-third of every dollar spent for food at retail. The other two-thirds went to pay marketing costs.

PMA: That's right. In 1932, the farmer got 32 percent of the consumer's food dollar. Today, though, that relationship has changed considerably. In May --- the latest month for which we have figures from the Bureau of Agricultural Economics the farmer was getting fifty-two cents of every dollar spent for the typical market basket of food. That left forty-eight cents to pay marketing costs.

ANNOUNCER: On the face of it that would seem to bear out the argument of those who blame the farmer for the present high cost of food....Except for one thing, I don't think it's very fair to set up those abnormally low prices of 1932 as a basis for comparison.

PMA:

Of course it isn't fair. I don't think anyone --- and that includes the most budget-conscious housewife --- would want to return to those depression years when the farmer couldn't get enough for his hogs to pay the cost of trucking them into market. What I was getting at was this. Marketing costs are fairly stable. Oh there are some changes, of course, but they don't usually vary as much as farm prices...

ANNOUNCER:

In other words, during good times of high prices farmers get a bigger slice of the consumer's dollar than they do in depression years when farm prices are low...Now let's turn for a moment to the reasons why farm prices are relatively high right now. What about the argument of those who say that Government support programs are keeping food prices at an abnormal level?

PMA:

I just don't think that's true...at least for most commodities. Let's take another look at the record. On June 15th the Government support level for hogs was \$16.50 per hundredweight. The actual price that farmers were getting was \$23.50. The support level for wheat was set at \$2.03 a bushel. Farmers were actually getting \$2.18 on the market. Run right down the list and you'll find that the great majority of farm products are selling above the support price level.

ANNOUNCER: What it all seems to boil down to then is the fact that farm prices are high because prices in general are high, and because people are buying more and better food than before.

PMA: Yes, and because large quantities of grain --- particularly wheat --- are being shipped to various foreign countries in serious need of food.

ANNOUNCER: Well all this seems to leave us back where we started from. We still have the problem of that spread between what the farmer gets for his products and what the consumer pays. Isn't there any way that we can cut down that spread?

PMA: Well let's see who gets this money that we chalk up to marketing costs. In 1939 the Bureau of Agricultural Economics found that sixty-two cents of the consumers's food dollar went for marketing and distribution charges. Of this retailers got twenty-four cents, processors twenty-one cents, wholesalers seven cents, transportation agencies six cents, and assembly services --- mainly at country points --- four cents. And did you realize that a large part of these costs pay for the many services that the consumer . . . herself has learned to demand?

ANNOUNCER: What do you mean?

PMA: Well, look at the difference between the old type grocery store and the modern one. The consumer demands and pays for the convenient parking lot, the refrigerated cases, and the other things that make a good modern food store. And, of course, she demands better packaging, transportation, better quality, uniform grading, and so on. Those things that modern consumers insist upon account for a lot of the difference between the price of food on the farm and the price at retail.

ANNOUNCER: But surely there must be ways of cutting down some of this handling cost. Anyone who has ever visited some of the big-city produce markets knows how inefficient many of them are. The waste of food and service in these markets is expensive to farmers as well as to consumers.

PMA: You're right. Fortunately we are making headway in this field. Many States and cities have begun to make plans for building more modern and efficient markets. A number of far-sighted communities have asked the Production and Marketing Administration to help them plan their markets in the light of present and future needs. We are beginning to make progress too in other fields of marketing research.

ANNOUNCER: I suppose you are referring now to the Research and Marketing Act that was passed last year.

PMA: Yes. Congress has appropriated nine million dollars for this Act during the next year. That money will be spent to develop new methods of handling and storing farm products, to cut down costs and eliminate waste, and to market more efficiently.

(USE FOLLOWING CLOSE IF THIS SCRIPT IS BROADCAST ALONE.)

(ANNOUNCER: Well, _____, it looks as if our time is about up. You've shown us that the difference between farm prices and retail prices is more than just simple arithmetic, and you've given us a few interesting ideas to mull over. Thanks for being with us today....Friends, you've been listening to an interview with _____, of the _____ office of the Production and Marketing Administration. This has been another in the series of public service broadcasts on agricultural marketing brought to you by Station _____ in cooperation with the United States Department of Agriculture.)

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SUBJECT: B- New Trends in Packaging (Pp. 8-14)

(ANNOUNCER: The process of moving America's food from farm to table is of direct concern to everyone. To-day, Station _____ presents another in a series of broadcasts designed to tell farm people and city people more about various phases of this process and to bring you up-to-date information about the latest developments in the field of agricultural marketing... And here with us in the studio again today is our old friend _____, of the _____ office of the Production and Marketing Administration.)

ANNOUNCER: One of the things that everyone --- farmer, distributor, and consumer alike --- is interested in is the new trends in food packaging. Do you agree with some enthusiasts who claim that these new developments will revolutionize the food marketing business, _____?

PMA: Revolutionize is a pretty strong term, _____. However, we've already seen some startling changes in the way foods are handled between the farm and table and I think we'll see a great many more during the next several years.

ANNOUNCER: When I was a boy many more foods were sold in bulk than today. It wasn't so many years ago that the grocer used to scoop out a pound of lard or five pounds of flour from a big barrel in the middle of the store.

PMA: Yes, packaging progress has been rapid in recent years and during the war we learned a lot of new things that we are beginning to apply now.

ANNOUNCER: Well, everyone I suppose has heard of V-board, but I know that there were many other developments that never received as much publicity.

PMA: The war stimulated a great many new developments. We had to prepare vast quantities of food for military use and ship them large distances overseas under unfavorable conditions. Packages and container materials had to be developed to meet every exacting temperature and moisture condition. It was these new container materials --- like V-board, new waterproof lacquers, adhesives, and plastic films that made it possible to move food to our fighting men all over the world.

ANNOUNCER: And now these materials are being adapted to help modernize our system of packaging foods for civilians.

PMA: That's right. The war had another effect, too. Like everything else packing materials that would normally have been used for distributing food to civilians were diverted to military use. We had to experiment with all kinds of substitute materials for civilian packaging.

ANNOUNCER: I hadn't thought of that angle. But I know that manufacturers used fiberboard instead of wood when wood was short and glass instead of tin plate when tin was short.

PMA: Yes, and many other substitute materials were tried out for various uses. As a result we now know a lot more about the limitations and possibilities of many materials than we did before the war.

ANNOUNCER: Out of all those attempts to find substitutes for scarce packaging materials I'll bet the manufacturers discovered even better types of containers.

PMA: They did. But the search still goes on, because the right kind of package for a food product is the one that meets all the requirements of the consumer, the farmer, the manufacturer, the railroads....everybody who handle it.

ANNOUNCER: As far as the consumer is concerned I suppose that among the primary considerations are whether the package keeps the food fresh and whether it is convenient to handle and to store.

PMA: That's true. Beyond that she prefers the package that let's her see what's inside --- like a cellophane bag or a transparent window or an honest picture of the product. The wise shopper will also favor the product which is not "overpackaged".

ANNOUNCER: What do you mean by that?

PMA: Well, when a fancy or expensive wrapper brings the cost of the product above the point that the consumer considers justified by the value of the food and the convenience of the package then she will consider that item "overpackaged". That holds true for the retailer, too.

ANNOUNCER: What other standards does the retailer set?

PMA: He'll expect the package to protect the quality of the product right up to the time it reaches his customer. Otherwise good-will will be destroyed. Then he'll expect the package to be easily handled and to be adapted to self-service types of stores. That has already led to strong pressure for the pre-packaging of fresh fruits and vegetables and of meats. Most of these items are still sold in bulk but we're likely to see more and more of them being put up in prepackaged form. That means put up in consumer sized, transparent packages, ready to take home and use.

ANNOUNCER: And what are some of the requirements of others in the marketing chain?

PMA: Well the farmer wants the package to make his product more attractive to the consumer so she'll use more of it. That will mean wider markets for him. The packer and shipper want to know that the packages will stand up under all shipping conditions and will keep / ^{the product} in salable condition right through the retail store.

ANNOUNCER: I can see that all these requirements can't be solved by a single formula. But I think most of our listeners would like to hear about the possible effects of these new packaging developments --- particularly pre-packaging --- on the cost of marketing food products. Will it mean that our foods will cost more or less?

PMA: I don't think that we know enough about that yet to give you a definite answer. Some of the new packages will cost more, but on the other hand they'll reduce waste and insure better quality. The Bureau of Agricultural Economics is now conducting a study of packaging which should give us the answer to that question and many others.

ANNOUNCER: Of course, the initial cost of the packaging materials themselves will be an added expense.

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PMA: That's right. Then you have to figure the cost and upkeep of packaging machinery, the cost of refrigeration, and possibly extra freight charges.

ANNOUNCER: On the other hand, though, there should be many savings by scientific packing of non-perishables and pre-packaging of perishables.

PMA: True enough. One of the biggest advantages of the new packaging methods should be the elimination of spoilage and waste all along the marketing line. Then we might figure the savings in paper bags and extra handling in the grocery store.

ANNOUNCER: As far as freight charges are concerned I think we also have to figure possible savings in weight from the trimming and cleaning of pre-packaged products.

PMA: That's right. As you see there are points on both sides of the ledger. Still I think it is safe to say that in time the savings in handling and the elimination of waste from spoilage, loss, insect infestation, and so on will probably enable foods packaged by the new methods to compete very favorably with foods sold in bulk.

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ANNOUNCER:

Not to speak of the advantages that growers and distributors will reap in good-will from the consumer when her foods arrive in better condition and in more convenient form... But our time seems to be running out now. Thanks for being with us, _____... You've been listening to one of a series of broadcasts on agricultural marketing, brought to you as a public service by Station _____, with the cooperation of the United States Department of Agriculture.

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